

Brief Summary of RTO West RRG Meeting February 27, 2004

Introduction

This summary is intended to briefly describe the major topics of discussion during the February 27, 2004 meeting of the RTO West Regional Representatives Group (RRG). It is not intended to be a verbatim transcript of anyone's remarks, and it is not intended to suggest that any particular representative or entity at the RRG meeting agreed with or endorsed the views described in this summary.

Overview of February 27 Meeting

- An RTO West RRG meeting was held at the Shilo Inn Suites Hotel in Portland, Oregon on Friday, February 27, from 8:00 a.m. to 2:30 p.m. PST.
- Approximately 55 people attended the RRG meeting, including approximately 24 designated RRG representatives. Three state representatives attended the meeting in person, and one state representative listened by phone.
- A Process Diagram agreed to at the February 12 RRG meeting and Overview of the Process Diagram were posted on February 24. The Process Group answered questions about the work stream activities shown in the diagram.
- The RRG reviewed a diagram of Work Group Relationships and heard a plan for information flow including biweekly summaries. The roles and composition of four work groups were described -- Transmission Services Liaison Group (with core technical staff), Articles and Bylaws Group, Facilities Group and Pricing Group.
- The Articles and Bylaws Group developed ideas and recommendations addressing issues related to development of Bylaws that would allow the region to elect a "core" Board and the RRG responded with policy input on many of these issues.
- The Transmission Services Liaison Group reported on its initial meeting. The topics currently under discussion by the group are scope and organization of work and how to get the technical work accomplished.
- The RRG heard a report from BPA on a proposed process for BPA decision-making as it relates to the RRG process.
- The RRG heard that FERC is interested in a SSG-WI briefing in April. A brief status report on the progress of the SSG-WI Market Monitoring Work Group was given.
- The RRG decided to meet again in Portland on Wednesday, March 31, from 1:00 p.m. to 5:00 p.m. PST and Wednesday, April 28, from 9:00 a.m. to 3:30 p.m. PDT.

Process Diagram – Description of Work Stream Activities

The Process Diagram (discussed and agreed to at the February 12, 2004, RRG meeting) and an Overview narrative describing the two major work streams illustrated on the Process Diagram, Governance and Technical, were posted on February 24 and distributed at the RRG meeting.

The narrative explains lines of activity and how major areas of work progress through four major decision points. The overall goal of the Governance work stream is to enable

seating of the developmental entity's core Board by the end of 2004 if there is sufficient regional support to proceed with an election. The Technical work stream shows sequencing of work to expand the definition of the beginning state. Status of technical work will inform Decision Point #2, Core Board, and Decision Point #3, Offer Transmission Operating Agreement (TOA). The Process Group answered questions that came up during the meeting regarding specific details on the Process Diagram.

Work Group Relationships and Work Group Details

Charts showing Work Group Relationships and Work Group Details also were posted on February 24 and distributed at the RRG meeting.

Bud Krogh explained the Work Group Relationships. Four work groups are getting underway to work on elements of the RRG Regional Proposal – Transmission Services Liaison Group (with core technical staff), Articles and Bylaws Group, Facilities Group and Pricing Group. Bud said one idea to facilitate information flow among groups and communicate progress to the RRG is to post a bi-weekly summary of work group status. A subset of the Process Group may be involved, at least for the first few weeks as work group activities get underway, to support coordination among groups and help with the progress summary.

Bud Krogh, who is identifying members to serve on the work groups, explained the roles and composition of the four work groups:

Transmission Services Liaison Group (TSLG) – Participants have been selected and an initial meeting was held; regularly scheduled meetings are planned;

Articles and Bylaws Group – Participants have been selected and an initial meeting and conference call have been held; a list of issues related to Bylaws provisions for the “core” Board was developed and the group is soliciting feedback on these issues at today’s RRG meeting; regularly scheduled meetings are planned;

Facilities Group – Bud listed participants he is currently contacting to work on this group; an initial meeting to get the facilities work underway will be held early next week;

Pricing Group – Bud listed individuals he will contact next week; the first meeting to work on pricing will likely be held later in March.

Articles and Bylaws Group Ideas and Recommendations and RRG Feedback

The Articles and Bylaws Group developed ideas and recommendations addressing issues related to development of Bylaws provisions that would allow the region to elect a core Board and asked the RRG for policy feedback on many of the related issues.

The two Articles and Bylaws Group members led the RRG through a discussion of the Bylaws issues, focusing on ideas related to the developmental entity and the core Board. Highlights of the RRG discussion and feedback include:

- The overall purpose of the developmental entity is to negotiate terms of a Transmission Operation Agreement, work on an initial tariff, and address remaining technical issues, with development work consistent with the RRG

Regional Proposal. RRG input was that the Bylaws group should clarify whether the purpose of the entity should include specific “public interest” purposes.

- With respect to the composition and voting allocation of membership classes of the TSC, the RRG supported an idea for Bud Krogh to facilitate a consultation of several class representatives to address whether class composition and voting structure should be revisited (for both the developmental period and under the operational entity.)
- The RRG had an extensive discussion about the number and qualifications of “core” Board members. Generally, most thought three members on the core Board was too few and nine too many – five board members, with diverse expertise who are actively engaged in development, was generally preferred. The RRG also discussed that five board members working actively and/or engaging staff would affect development costs and compensation.
- The details of which members, if any, and how the core board would transition to an operational board also are matters to be worked out.
- The RRG considered the length of time of two deadlines for the core Board to accomplish its mission. One, how long should the core Board have to develop and offer a TOA, and if this is not completed, are there remedies or sunset provisions? Two, how long is the offer period for obtaining TOA signatories, and what are the remedies or sunset provisions? Views varied on whether these periods should be as short as six months to keep development moving, or as long as a year to allow for sufficient regional review and negotiation. The RRG asked the Articles and Bylaws Group to come back to the next RRG meeting with recommendations.
- The RRG affirmed that the core Bylaws need to ensure and provide remedies that protect the core developmental corporation from FERC jurisdiction.
- The RRG discussed the role of the existing RTO West Board of Directors and the role of an “interim” Board during the member sign-up and Trustee selection period. Instead of relying solely on the approach in the Stage 2 Bylaws of an “interim” Board, the RRG generally supported the idea of a broader committee administering the membership enrollment process and steps necessary to seat a core Board.
- The RRG voiced no objections to the proposed initial fee of \$1000.00 to become a member of the core developmental corporation.

Initiation of Transmission Services Work

The Transmission Services Liaison Group (TSLG) has held an initial meeting. Currently, the scope of the technical assignment and how to staff and accomplish the work are under consideration. The group has not yet come up with a recommendation for the core technical staff. Factors that inform this decision are: the scope of work and desired work product (one big assignment or modules), need for a mixture of regional expertise plus broader experience, and cost expectations. The TSLG plans to focus at its meeting next week on how to get the work done and plans to meet every other week.

BPA's Decision-making Process

BPA discussed with the RRG its current view of its decision-making process. The proposed components and sequencing were illustrated on a chart showing the RRG process and BPA's process in parallel. The chart shows that the RRG has been one forum that BPA has been using to gather information and stakeholder views that will inform BPA's decision-making. The BPA process includes an opportunity for public comment shortly after Decision Point #2 on development issues that have been resolved as well as on outstanding issues. BPA will issue a Draft Record of Decision (ROD) for public review and comment after the offer of a Transmission Operating Agreement. The draft ROD will incorporate and assess a risk/reward study, which also will be completed after the TOA offer. A Final ROD will then be issued along with an environmental analysis under NEPA. BPA plans to base the NEPA analysis on its Business Plan EIS.

SSG-WI and Regional Proposal Briefing to FERC

Bud Krogh said FERC is interested in a briefing on SSG-WI in April. FERC is particularly interested in West-wide transmission planning and market monitoring. It may work well to give an informational briefing on the RRG process and the RRG Regional Proposal in conjunction with the meeting about SSG-WI.

SSG-WI Market Monitoring Work Group – Kristi Wallis reported the SSG-WI Market Monitoring Work Group continues to make significant progress towards the formation of a West-wide market monitor, including proposals to monitor markets before the formation of three Western RTOs. A diverse group of Northwest representatives are participating actively in the group. The group hopes to present a final recommendation to the SSG-WI Steering Group late this spring.

Rename RTO West?

Several RRG members suggested it would be a good idea to rename RTO West – the nature of the proposal is not the same now as Stage 2. RRG members were encouraged to send suggested names to the Bylaws Group.

RRG Meetings on March 31 and April 28

The RRG will meet Wednesday, March 31, 2004 from 1:00 p.m. to 5:00 p.m. PST at the Shilo Inn Suites Hotel in Portland. The expected major topics of the meeting will be reports on work group efforts and preparations for briefing visits with FERC and congressional delegation staff.

Also, the RRG agreed to meet Wednesday, April 28, 2004 from 9:00 a.m. to 3:30 p.m. PDT in Portland. It's expected that the Articles and Bylaws Group will have draft Bylaws prepared in essentially completed form for the RRG's review and feedback. Plus, other work groups should have accomplished substantive work to report and discuss with the RRG.